

THE STATE OF AGING

Each year, the **State of Aging in Montana Report** examines a different aspect of how aging demographic trends are currently impacting Montana and what potential impacts they will have in the future. The Aging Reports resulted from a growing awareness on the part of the Legislature that aging demographic trends pose challenges that Montana needs to address as the state population continues to age. The 1999 Legislature required the Department of Public Health and Human Services (DPHHS) to produce a biennial report, with annual updates, on statewide and community issues relating to aging issues. In order to meet current needs and future demands, it is imperative that we gather and analyze data on significant trends and begin the planning process to address these issues.

The **2004 State of Aging Update** is the sixth report in the series. Past reports have looked at how state and local governments are planning for current and future aging trends, health care workforce issues and informal caregiving issues.

The November 1993 Special Session of the Montana Legislature adopted Senate Joint Resolution No. 2 (SJR 2), directing the Joint Oversight Committee on Children and Families to examine inefficiencies in the provision of services to the elderly by state government agencies and to make recommendations concerning possible legislation to address and alleviate future problems.¹ In April 1994, the Legislative Auditor produced a report entitled ***The Provision of Services to Montana's Elderly***. This year's Aging Report looks back over the intervening 10 years at demographic, health and economic factors affecting the provision of aging services, examine how aging services are faring today and looks forward to some trends on the horizon.

TRENDS IN THE LAST 10 YEARS

At the time of the Legislative Auditor's report, 13.4% of Montana's population was 65 years of age or older. That rate has remained constant over the last 10 years. However, as the baby boom generation (those born between 1946 and 1964) reach retirement age, Montana is projected to age at a significantly greater rate than other states in the nation. By 2025, Montana is projected to have the third highest proportion of people age 65 and over in the nation (24.5% of its total population).² The fastest growing age group will be those 85 years of age and older. In 1990, 1.3% of Montana's population was 85 years of age or older. By 2003, this percentage had increased to 1.9%, the 17th highest rate in the nation. By 2025, 3.1% of Montana's population is projected to be 85 and older, the 4th highest percentage in the nation.³ Finally, there are currently about 160 people in Montana who are 100 years of age or older.

Today's older Americans are healthier, will live longer, and are better able to live independently than recent generations.⁴ Overall, the health of the United States' elderly population has improved 17.5 % since 1990. During the 1990s, health improved at an annual rate of 1.5 % per year. Since 2000, the annual rate of



improvement has slipped to 0.2 % per year. Montana ranked 26th among the states in its overall health ranking.⁵ Positive health trends for older Montanans included a high degree of physical activity (ranked 3 highest in the nation), low prevalence of obesity (5th lowest in the nation) a low rate of infectious diseases, a low prevalence of smoking, and a low death rate for cardiovascular disease. Older Montanans had average rates for levels of mobility impairment and self-care limitations.⁶

Looking at the long-term care continuum, the overall trend has been towards providing more home and community based services and less institutional care. Nursing home occupancy rates declined throughout the 1990's till the current date, while most home and community based options have seen substantial growth.

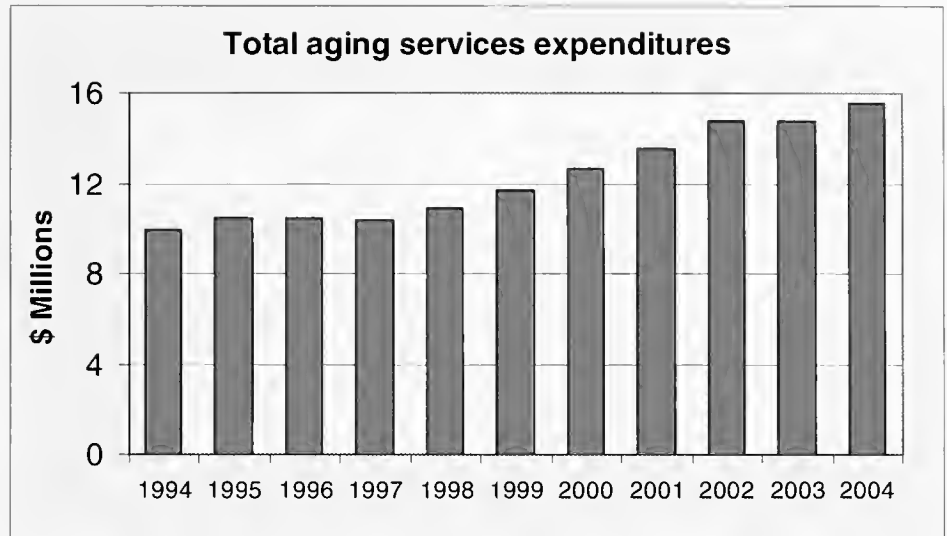
	1994	2004	% change
Total Medicaid Long-Term Care Expenditures	\$132,969,000	\$215,454,000 (2001)	+62%
Nursing Home Occupancy Rate	91%	76%	-17%
Medicaid Waiver Clients	850	1796	+112%
Assisted Living Facilities	29	180	+521%
Adult Day Care Facilities	29	56	+93%

A number of political and economic events and trends have also impacted long-term care and aging services over the last 10 years. These include: the stock market decline and loss of personal wealth; energy deregulation and increases in utility costs; increases in fuel and gasoline costs; 9/11, wars in Afghanistan and Iraq and substantial increases in the national debt; and increases in health care costs (especially prescription medications). There has been a major shift in the type of pensions provided by employers, from defined-benefit plans (in which a specified benefit amount is typically paid as a lifetime annuity), to defined-contribution plans such as 401(k) plans (in which the amount of the future benefit varies depending on investment earnings). In 1975, only 6 percent of private sector employees depended primarily on defined-contribution plans for their employer-sponsored pension. By 1994, this had increased to 21 percent. Over the same period, primary coverage under defined-benefit plans fell from 39 percent to 24 percent.⁷ This trend has the potential to significantly affect the resources current and future retirees will have to live on.

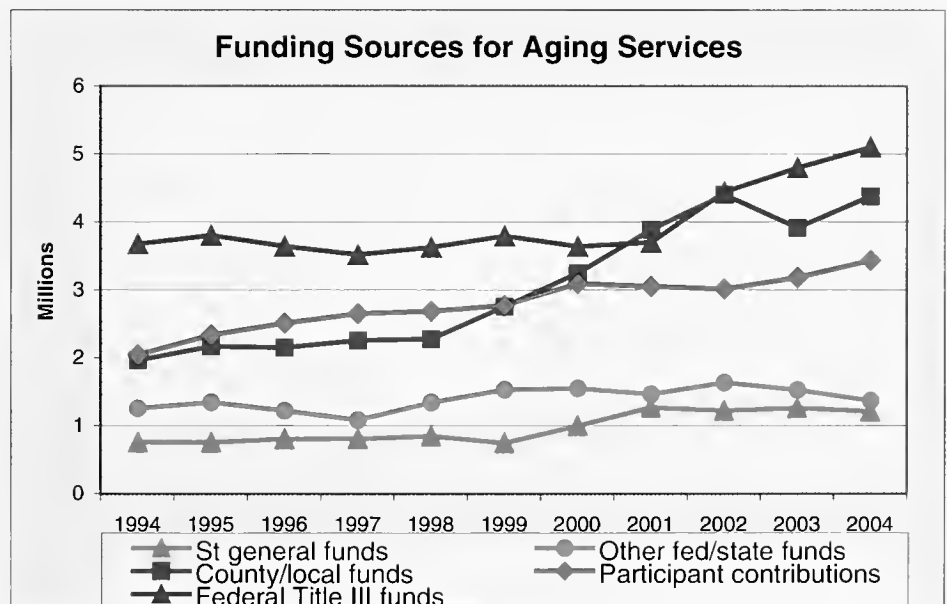
Aging services trends in Montana over the last decade

The Aging Services Network is comprised of 10 Area Agencies on Aging, 35-40 County Councils on Aging, about 175 senior centers and other aging providers. The Aging Network "serves Montana's elders who are not being served by other programs, whether because the person is not eligible, because the services are not available in the community, or because other programs do not provide a range of services to allow the elder to stay in the home."⁸ The majority of the services provided by the Aging Network in Montana are supportive and social services. Its largest services are congregate meals, home delivered meals, senior center activities, transportation, information and assistance services, homemaker services and respite services. It also provides case management, personal care, home chore, skilled nursing, legal, ombudsman, nutrition education, health screening and promotion, home modification and adult day care services.

The major funding for Aging Services comes from the following funding sources: federal funds through Title III of the Older Americans Act (OAA), USDA funding, State general funds, county and local funds, participant contributions, and in-kind contributions. Over the last 10 years, total funding for aging services has increased from \$9.89 million in 1994 to \$15.60 million in 2004, a 57.7% overall increase.



Federal funding through Title III of the Older Americans Act has increased over the 10 year period by \$1.42 million. The majority of this increase came with the establishment of the National Family Caregiver Support Program (NFCSP). The NFCSP represented the first major expansion of the Older Americans Act since in 1972. It is also the first time OAA funds were targeted to people who are under the age of 60. NFCSP increases began in 2001 and have continued annually since then. State general funds have been relatively constant. The majority of increase in State general funds occurred in 1999 and 2000. Increases in those years came from provider rate

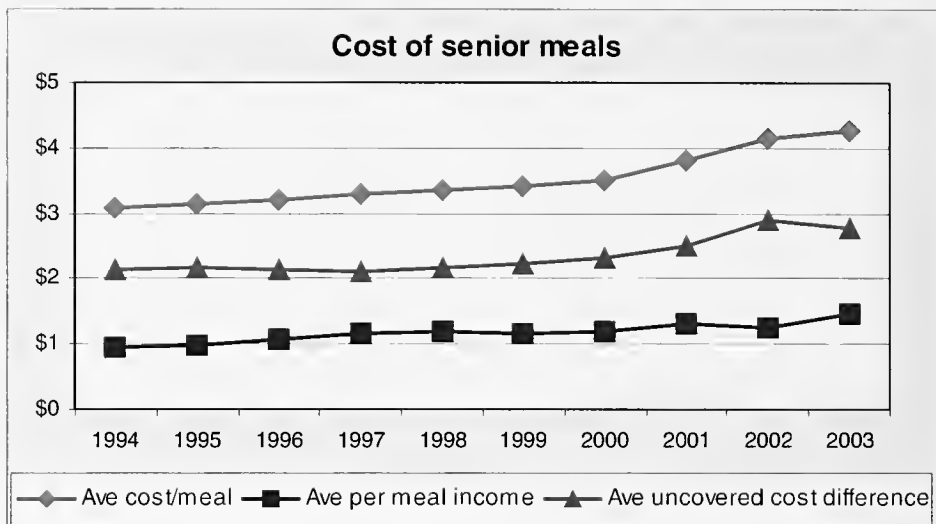


increases and wage increases for direct care workers. County or local funds account for the largest increase in funding. Over the 10 year period, these funds have increased by \$2.41 million. In the absence of increases in other funding sources, local governments have increased their funding to try to maintain current service levels. Some counties have also passed specific mil levies to fund aging services.

Anyone 60 years of age or older can participate in OAA funded services. OAA regulations prohibit means testing of service participants. Most services are run on a voluntary contribution basis, with a suggested donation. This is done to increase participation and to avoid the stigma of a welfare program. Participant contributions have generally increased each year. The level of funding has increased by \$1.39 million over the 10 year period.

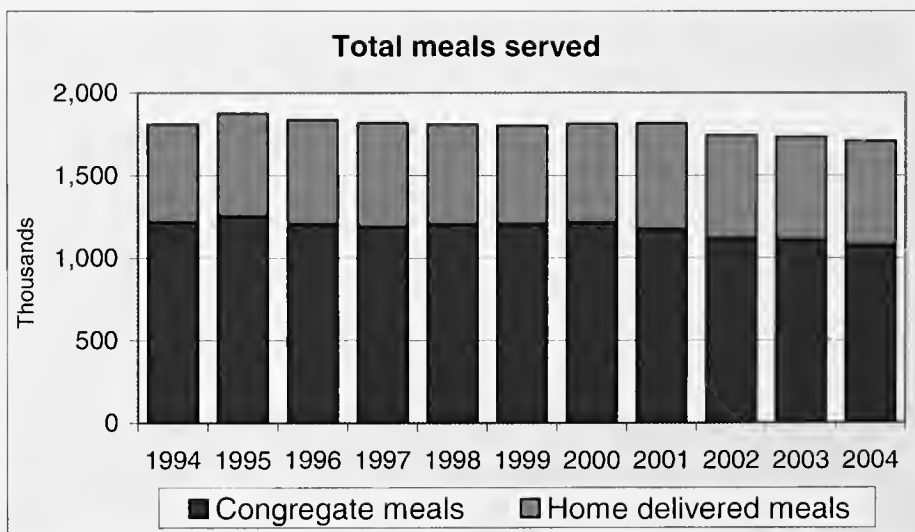
While funding has been going up, the cost of providing services has also been increasing. Utility costs, food costs, insurance, gas to run buses and salaries are among the major increases affecting aging services over the 10 year period. Aging meal programs (congregate meals and home delivered meals) are the largest service

offered by the Aging Network. They account for about 50% of all aging funding. The cost of producing meals has increased every year over the 10 year period. While voluntary contributions have generally increased each year, they are not keeping up with the increase in the actual costs to produce meals.



Under the Older Americans Act, aging services providers cannot require participants to complete a registration form as a condition for receiving services. This makes tracking trends in participation rates for many aging services challenging. For example, participation rates for home delivered meals are fairly accurate because services are being delivered to a specific location. Participation rates for congregate meals, however, are more difficult to track because of the many sites that serve meals (including restaurants) and the “drop in” nature of the service. Comparing units of service data is a more effective method of tracking services over time.

Total number of meals served was fairly consistent throughout the 1980's. Since 1994, the overall number of meal services has declined by 5.6%. Congregate meals decreased by 11.9% in the last 10 years, while home delivered meals increased by 7.4% during the same time period. The aging of current participants and the lack of usage by those in the 60-70 year of age range accounts for the decrease in congregate meals.



Information and assistance, respite and case management services have all seen increases in usage over the last 10 years. This is largely due to increases in funding from either National Family Caregiver funds or Medicaid funding. The level of usage for

transportation and homemaker services has remained fairly constant. Home chore and personal care services have experienced decreased usage. This is partly because many providers are combining homemaker with home chore and personal care services.

OVERVIEW OF FUTURE TRENDS

What does the future hold for baby boomers as they move into retirement and beyond? Several demographic, health and economic trends will affect how tomorrow's aging population will look. One demographic fact is for sure: the inevitable increase in the number of people who will be 65 years of age and older over the next 2-3 decades. However, other demographic trends will have an affect on how well the elderly population of tomorrow can remain in the community and receive needed services. Some of these trends include future fertility and mortality rates, marriage and divorce rates, net immigration patterns and changes in family patterns. These trends may adversely affect the availability of family members to provide informal caregiving. They may also affect the number of workers who are available to provide in-home or other long-term care services.

Can today's baby boomers expect to benefit from the same health trends as their parents? Maybe not. Research bearing directly and indirectly on this issue is contradictory, and points to some important dangers that the baby boom generation will face as it tries to replicate its parents' health and longevity.⁹

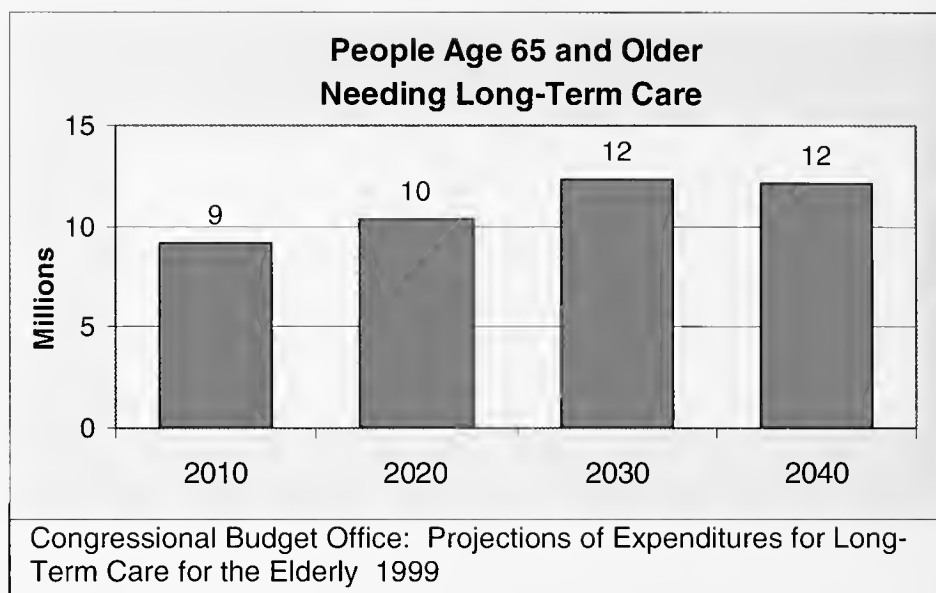
Current lifestyle choices of younger persons will affect their life prospects at older ages. Looking at the characteristics of younger cohorts can help to predict change. Still, health and economic status characteristics of tomorrow's elders are particularly problematic to predict. For example, we cannot simply use the characteristics and attitudes of the current generation of elders to predict future labor prospects for the older population. The baby boom generation is quite different. Their health is generally better, their educational attainment higher, and most women work. Their attitude towards retirement may differ and their pension plans are increasingly dependent on individual contributions. The age for receiving full benefits for retirement may also move upward.¹⁰

Currently, chronic conditions are the major cause of illness, disability, and death in the United States. The continued growth in the number of older people will cause an increase in the number of people who are most vulnerable to, and most affected by, chronic conditions. Age is one of the risk factors for chronic conditions that cannot be modified, as are factors such as gender and genetic predisposition. Other risk factors for chronic conditions are related to health behaviors and environmental conditions - risk factors that can be modified.¹¹

Some important health trends that bare watching include the incidence of disabilities and the incidence of dependency. These have a direct affect on the extent to which the elders of tomorrow will need long-term care services. Recent trends in disability and obesity in adults still well short of retirement age and/or "elderly" status suggest that the baby boom and later generations might not be as fortunate. Rates of obesity, diabetes and asthma, are increasing among baby boomers.¹²

Chronic disease prevention and control has become a top priority, as levels of chronic conditions increase. Currently, half the people aged 65 and over have at least two chronic health conditions, and the proportion of those with chronic conditions is expected to rise. For example, in 2002, approximately 4.2 million older Americans had

diabetes - by 2020 that number is expected to rise to 7.5 million persons. State Health and Aging officials now consider chronic disease prevention and control a higher priority than access to health care or access to prescription drugs.¹³



Economic trends that could impact the well being of tomorrow's elders include: future inflation rates; interest rates; productivity; rates of saving; and unemployment rates. Today's workers will probably barely have finished paying off their college loans before they are urged to buy long-term care insurance. With a year in a nursing home costing up to twice as much as one at a top university, planning ahead for long-term care would seem to be prudent (though buying long-term care insurance may not be the appropriate way for everyone to plan, of course). Moreover, one can plan for college tuition, and most students will be able to help defray their college expenses by working, borrowing, or both. Long-term care, in contrast, represents "...an unpredictable need for an unmanageable expense..."¹⁴

Of particular concern is the fact that current workers could be in greater danger of outliving their retirement savings than their parents were because they are more likely to be covered by defined contribution retirement plans. The baby boom generation will be among the first retirees to derive all or most of their private pension income (if any) from defined contribution plans.¹⁵ With a low level of savings and high credit card debt, many baby boomers could face a decreased economic outlook in retirement.

POLICY IMPLICATIONS FOR THE FUTURE

Anticipating the future requires understanding the complex relationships of a state's economy and the state's population. The simple version of the story is that the aging of society will result in a relative decline in the need to support education and a relative increase in the need to support social services more likely to be used by older people. Changes in the population will affect not only education and health care but also safety, law enforcement, the judiciary and even prisons. The more complex story, however, is that there will be variations among states, not only because the economies of each state vary but also because demographic changes will occur differently from state to state.¹⁶

Looking specifically at long-term care needs, the extent to which states will have to prepare for an increase in the number of people needing long-term care services will depend on a number of factors, including the projected number of the oldest-old residents - people age 85 and older - and therefore, most likely to need long-term care services. Nationally, a 66 % increase is expected in the population age 85 and older between 2000 and 2025. For Montana, the projected increase is 123%, which ranks as the 8th highest increase nationwide.¹⁷

However, numbers are not the only issue that state governments need to take into consideration. States and communities need to maintain viable economic conditions and a good quality of life so people will want to remain there. Migration often reflects residents' desire to leave - and usually the first people to leave are future workers and taxpayers and those who can afford to leave. Those that remain in the state are individuals who are least likely to be able to support needed services.¹⁸ And they are most likely those that will need long-term care - our senior citizens.

States also have to contend with limited resources for long-term care services. They must find ways to ease the expected increase in demand for health and supportive services in the future, even as the population ages, while at the same time being able to respond effectively to the need for care.

The challenge will be to maintain or improve the quality of life of future seniors. This will take planning on the part of the policymakers of today and future. While the federal government will play an important role in helping to finance services, states will design the innovative strategies that will address the multiple challenges of providing long-term care services for the elderly.¹⁹

A recent National Governors Association report found that states will face five critical challenges in developing a strategy to address the growing future long-term care needs of the elderly:

- building on the importance of family and community;
- expanding home- and community-based services;
- streamlining services;
- using public funds in strategic ways; and
- addressing concerns about quality.²⁰

An examination of available data related to the aging of the U.S. population suggests that state policymakers should try to keep several key points in mind as they try to anticipate the impact of population aging in their states and to plan effective responses:

- There is a need for state-specific long-range planning.
- States must plan for a population that will be different and more diverse. The delivery of "culturally competent" services will become even more important than it already is.
- Every aspect of people's lives will be affected by demographic changes. Consequently, planning must involve all aspects of state governments. There is, and will continue to be, a need for collaboration across state departments and agencies.
- State workforces are aging, and the rate of growth in new entrants has slowed. To meet anticipated labor shortages, efforts are needed to retain experienced older

workers. At the same time, some retraining may be needed, and there will be a need for a well-trained, more diverse workforce to provide services in the future in the most effective manner.

- Experience with unanticipated changes in the past suggests that many aspects of the future are uncertain. Thus, flexibility is vital.
- Improving the capacity of states to collect and use data related to the aging of the population, would be helpful. National data can be illustrative, but there is tremendous variation among states.
- Now and in the future, older residents and their families need a source of information and assistance that is comprehensive rather than program- or service-specific.
- The aging of the population will provide opportunities, as well as challenges.²¹

In looking at aging trends in 1994, the Legislative Auditor's report noted that "problems associated with the aged can realistically only be expected to grow in the foreseeable future, proportionate to the expanding aging population. Any inefficiencies in the present system of services will be exacerbated by the inevitable growth in Montana's elderly population. Funding must expand at a proportionate rate if the Office is to continue serving even 32% of the elderly, as at the present level. If funding continues at the present level or decreases, a corresponding reduction in the number of elders served or a reduction in programs will result. Given the present federal fiscal situation, it is logical to conclude that the bulk of the burden of providing additional or increased elder services will most likely fall on the state."²²

¹ Montana Legislative Council The Provision of Services to Montana's Elderly April 1994

² U.S. Census Bureau Census 2000 Summary File 1 (table GCT-P15) <http://factfinder.census.gov>

³ National Governors Association Measuring the Years: State Aging Trends & Indicators Data Book 2004

⁴ AARP Back to Which Future: US Aging Crisis Revisited Sophie M. Korczyk, Ph.D. 12/02

⁵ APHA/United Health Foundation America's Health: State Health Rankings 2004

⁶ AARP State Profiles: Reforming the Health Care System 2003

⁷ Federal Interagency Forum on Aging-Related Statistics. Older Americans 2000: Key Indicators of Wellbeing 2000

⁸ Montana Legislative Council: The Provision of Services to Montana's Elderly April 1994

⁹ AARP Back to Which Future: US Aging Crisis Revisited Sophie M. Korczyk, Ph.D. 12/02

¹⁰ US Census Bureau 65+ in the United States Chapter 7-1 Frank Hobbs and Bonnie Damon April 1996

¹¹ National Governors Association Measuring the Years: State Aging Trends & Indicators Data Book 2004

¹² AARP Back to Which Future: US Aging Crisis Revisited Sophie M. Korczyk, Ph.D. 12/02

¹³ National Governors Association Measuring the Years: State Aging Trends & Indicators Data Book 2004

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¹⁶ National Governors Association Measuring the Years: State Aging Trends & Indicators Data Book 2004

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¹⁸ National Governors Association Measuring the Years: State Aging Trends & Indicators Data Book 2004

¹⁹ National Governors Association Challenges and Opportunities for States in Providing Long-Term Care for the Elderly 2000

²⁰ National Governors Association Challenges and Opportunities for States in Providing Long-Term Care for the Elderly 2000

²¹ National Governors Association Measuring the Years: State Aging Trends & Indicators Data Book 2004

²² Montana Legislative Council The Provision of Services to Montana's Elderly April 1994